CONDOMINIUM REPORT

Greater Toronto Area

Canada Mortgage and Housing Corporation

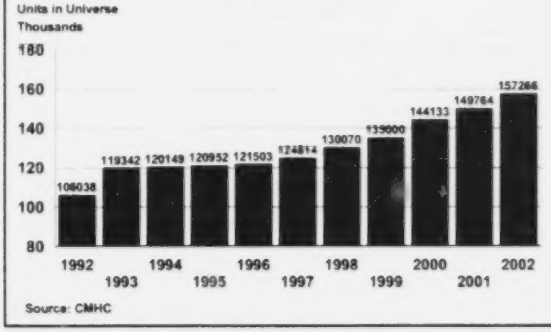
ISSUE: FALL 2002

The 2002 GTA Apartment Condominium Survey

Condo supply grows by 5%

This year's GTA apartment condo universe expanded by 5.1% or 8,002 units compared to June 2001. Growth occurred in every Region with the exception of Durham. In general, completions of registered condominium units lagged the pace of new condo starts. The GTA condo apartment market witnessed an average of 11,600 starts in 2000 and 2001, suggesting that completed units will continue to rise in future surveys (see outlook section). By sub-market, the City of Toronto accounted for the majority of the increase growing 4.5% or an additional 4,830 condo apartments. Peel Region added 5.3% or 1,278 units to its condo universe, while York and Halton Regions saw gains of 1,036 and 848 units respectively. Within the City of Toronto, Toronto Central witnessed the largest gains increasing by 6.0% or 2,303 units. Toronto North grew by 1,335 units. Toronto East added 747 units while Toronto West increased by 445 units.

Condo Apartment Universe
Toronto CMA



An examination of the universe (i.e. stock) of condo apartments showed that the City of Toronto contains 68.8% or 113,100 units of the GTA's total of 164,374 units. Units in Toronto Central account for 35.9% or 40,610 units of the total condos within the City of Toronto. With 32,289 units, Toronto North is the second most populous area in the survey. Peel Region and Toronto East are third and fourth largest at 25,242 and 24,668 units respectively.

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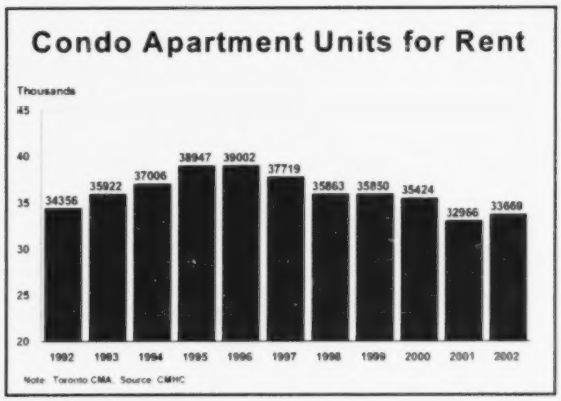
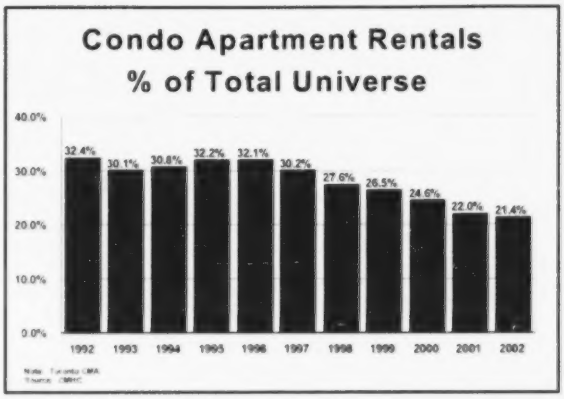
HOME TO CANADIANS
Canada

Condominium Apartment Rental Units up in 2002





In this year's survey, although the proportion of the stock that was investor held dropped once again, the actual number of condo apartment rental units in the market increased for the first time since 1996. Growth in investor demand for resale condo apartments (see per cent rented by age below), in combination with an increase in new condo units, boosted the number of condo units rented in 2002. The total number of condo apartment units rented jumped by 832 units to 35,175 units compared to 34,343 units in last year's survey. As mentioned, the rental proportion of the universe edged down again to 21.4% in 2002 from 22% last year. Yet this decrease pales in comparison to the drop witnessed in our 2001 survey where the proportion had tumbled from 24.3% to 22%. This suggests that while selling continued, its magnitude was mitigated by stronger investor interest in resales. Therefore, unlike past surveys, selling was insufficient to counteract the rental growth found in new condominiums.

Rentals by Age

A key element from this year's survey is the flattening out in the per cent rented for the 86-95 age category. This represents the largest universe segment by age and contains the lion share of rented condos. Past surveys have described how late 80's speculators, once the market collapsed, had rented out their investments when quick selling was not profitable. Then the rebound in the late 90s in the broader market encouraged selling which has been largely responsible for the drop in condo rentals in recent surveys.

The fact that the 86-95 age segment remained flat at 25.5% rented in 2002 suggests investors have looked more towards the resale market. The biggest increase in the number of rental units occurred in Toronto Central and North York which increased by 863 and 796 units respectively. This is partially a result of a large number of condo apartment completions in both areas, but also because of a rebound in investor interest in the resale market. The per cent rented rebounded in Toronto Central to 25.2% in 2002 from 24.4% last year and in Toronto North it increased to 24.1% in 2002 from 22.6% the year previous. High rental demand for units along the Yonge St corridor motivated investor interest in these areas. Scarborough (see pg 5) bucked the trend noticeably however, falling to 19.3% per cent rented from 24.4% in 2001.

% RENTAL CONDOS BY PROJECT AGE

AGE	2001	2002
<1976	19.1%	17.9%
76-85	17.8%	17.3%
86-95	25.5%	25.5%
96+	20.7%	20.5%

CONDOMINIUM APARTMENT RENTALS, JUNE 2001-2002

REGION	2001		2002	
	Rental Units	% of Total Universe	Rental Units	% of Total Universe
Toronto Central (Old Toronto City,East York,York)	9352	24.4%	10215	25.2%
Toronto West (Etobicoke)	2840	18.8%	2980	19.2%
Toronto East (Scarborough)	5846	24.4%	4753	19.3%
Toronto North (North York)	6979	22.6%	7775	24.1%
Total Toronto	**25016**	**23.1%**	**25723**	**22.7%**
York Region	2132	17.8%	2188	16.8%
Peel Region	5666	23.7%	5864	23.2%
Durham Region	752	15.8%	672	14.1%
Halton Region	777	10.5%	728	8.8%
Total GTA	**34343**	**22.0%**	**35175**	**21.4%**
Toronto CMA	**32966**	**22.0%**	**33699**	**21.4%**

Footnote: The results of our survey are statistically significant at the 90% confidence level. In other words, the sample results represent Population characteristics 9 times out of 10 tries

APARTMENT CONDOMINIUM UNIVERSE , 1999-2002

REGION	1999	2000	2001	2002	Increase	% CHNG
Toronto Central (Old Toronto City,East York,York)	32383	36346	38307	40610	2303	6.0%
Toronto West (Etobicoke)	14055	14914	15088	15533	445	2.9%
Toronto East (Scarborough)	21686	22895	23921	24668	747	3.1%
Toronto North (North York)	28937	29797	30954	32289	1335	4.3%
Total Toronto	**97061**	**103952**	**108270**	**113100**	**4830**	**4.5%**
York Region	10797	11558	11954	12990	1036	8.7%
Peel Region	21670	22883	23964	25242	1278	5.3%
Durham Region	4437	4765	4754	4764	10	0.2%
Halton Region	6838	7221	7430	8278	848	11.4%
Total GTA	**140803**	**150379**	**156372**	**164374**	**8002**	**5.1%**
Toronto CMA	**135000**	**144133**	**149764**	**157266**	**7502**	**5.0%**

Condominium Rental Apartment Outlook

As of July 2002, there were over 18,000 condo apartment units under construction in the Toronto CMA, an increase of nearly 10% from this time last year. With more units under construction, completions have also risen to 7,000 units year to date, a strong increase from one year ago. However, a strong new condo construction market has kept builder's busy and has resulted in some condo project occupancy/resigstration dates being pushed out into later this year and into 2003. In the previous issue of the Toronto condominium report we indicated that many investor units would be concentrated in a few core projects. While condo completions for ownership units are up, many investor driven condo projects have yet to reach the completion/ registration phase. Indeed, despite the increase in the rental stock, the share of rental condo units built after 1996 have yet to show an increase even in this year's survey. While many newly completed condo apartment projects have recently had a stronger owner-occupancy component, we expect the market will generate a greater number of investor condo units in 2003. With over 10,000 condo completions projected over the next 12 months, a conservative 30% or 3,000 potential units could be investor purchases.

As anticipated, a combination of superior real estate versus stock market returns for investors has meant the tide of selling in the existing condo rental stock has largely subsided. Uncertainty in corporate earnings weighed heavily on North American stock markets reducing the allure of financial market investing over the past year. When coupled with an anticipated inflow of more investor units, increases in the rental stock will continue.

Large Projects remain the most Popular

There are 1,076 total condominium apartment projects across the GTA with the average project consisting of 153 units. The average building in the City of Toronto, York Region and Peel Region are all fairly large with the average number of units coming in at 158, 143, and 196 units respectively. Buildings in Durham and Halton Region tend to be smaller coming in at 113 and 85 units respectively.

Buildings with more than 200 units and buildings with less than 50 units make up over half the condominium apartment building universe across the GTA. Projects with 200+ units account for 30.3% or 326 of the total buildings, while buildings with less than 50 units consist of 21.4% or 230 of the projects. The remaining three categories, 50-99, 100-149, and 150-199, consist of 16.9%, 16.7%, and 14.7% respectively.

Given the high price of land and densely populated areas within the City of Toronto, large condominium apartment buildings are more common in the 416 area than in the 905 area. The majority of the 200+ unit projects in the GTA, 72.1% or 235 projects, are within the City of Toronto. Consequently the largest proportion of rental condos, at 23.8%, is located in large buildings because they are located in urban cores and have high rental appeal. The percent rented decreases as project size falls indicating stronger homeownershop demand in more suburban areas of the GTA.

RENTAL MARKET BY PROJECT SIZE

SIZE	% RENTED
<50	10.5%
50-99	13.1%
100-149	17.9%
150-199	18.6%
200+	23.8%

About the survey

During the month of June 2002, the Toronto Office of Canada Mortgage and Housing Corporation (CMHC) conducted its annual survey of residential condominiums in the Greater Toronto Area. Only condominium apartment projects were surveyed. This study serves as a complement to CMHC's annual survey of privately initiated rental accommodation in the Rental Market Survey (RMS).

In conducting the study, two main sources of information were utilized; a survey of residential condominium corporations and a survey of property management companies, to whom we extend our thanks and appreciation. It must be noted that this survey excludes any condominiums that are included in the Rental Market survey. Also, completed condominium projects but not yet registered are not included in this survey.

The main objective of the condominium survey is to identify the extent to which condominiums are being offered for rent, and find the subsequent rental vacancy rate. The data was collected for all regions within the Toronto CMA, including Toronto, York Region, Peel Region, Halton Region and Durham.

Scarborough Market Overview

The most significant change observed as a result of the 2002 Condominium Apartment Survey was the sharp decline in the number of rental condo apartments in the Scarborough (Toronto East) Region. It was estimated that almost 1,100 fewer units were rented in June 2002 than in June 2001. In comparison, in the remainder of the city of Toronto, the number of rented condominium apartments jumped by 1,799 units. This variance can be largely attributed to the impact of the strong resale market over the last 12 months.

The drop in rented units can be attributed to Scarborough's strong and tight resale market, driving prices higher, and encouraging existing investors to sell and manage a return after a decade of low prices. Indeed, recent rental market statistics for conventional rental apartment units has shown Scarborough vacancy rates rising sharply from 0.3% to nearly 1% due to strong first time buyer demand. In the first half of 2002, the average resale price of $163,183 for an existing condo apartment in Scarborough was up 7.6% from 2001 and up 33.8% from the $120,635 in 1997. This increase is slightly below the 9.2% and 36.2% increase in average price for the Toronto CMA. In addition, a shortage of newly constructed condominium units in key Scarborough areas has meant that increased demand for condominium apartments has increasingly been met through the resale market. Consequently, a softening in achievable rents on high end units coupled with a realization of capital gains has enticed many Toronto East investors to sell their units.

Vacancy Rate Moves Higher

The increase in the number of units available for rent, combined with high asking rents for condos, helped push the number of vacant condominium apartments up. The number of vacant condominium apartment units in the GTA jumped from 40 units in last year's survey to 127 units in 2002. These 127 vacant units represent a GTA vacancy rate 0.4% compared to 0.1% in the previous year's survey. Unlike property management firms that can spread out vacancy losses over hundreds of units, individual investors have a significant incentive to make sure that their units do not remain vacant for very long in order to maintain positive cash flows. Thus it is not surprising that the Toronto condo apartment vacancy rate at 0.4% is substantially lower than the 0.9% vacancy rate recorded for rental apartments (October 2001 rental market survey) and the forecast of 1.1% for October 2002.

Developer Owned Projects Inch Up But Stable

Strong condominium demand coupled with stringent lending requirements tied to presale targets has contributed to a low standing inventory of condominium units. Only 604 apartment condo units were owned by developers in 2002, up from 321 units in 2001. The number of apartments owned by developers represents 0.4% of the Toronto GTA apartment universe. Most of the increase was registered in Peel.

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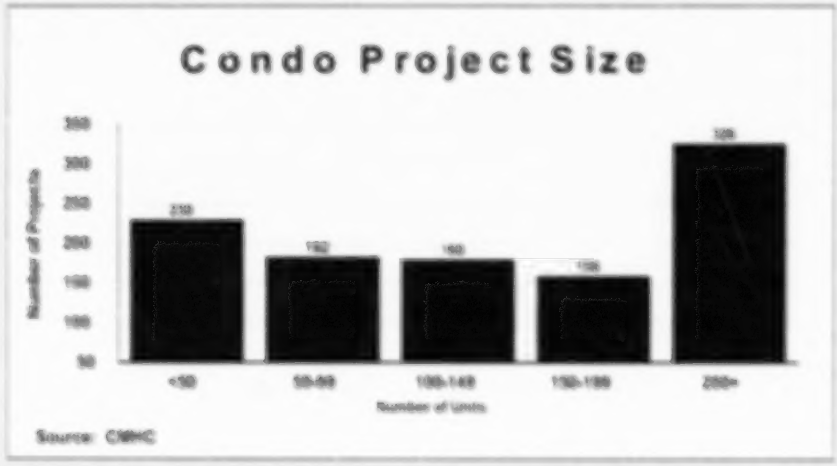

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CONDOMINIUM APARTMENT PROJECTS BY SIZE, JUNE 2002

REGION	<50	50-99	100-149	150-199	200+	TOTAL
Toronto Central (Old Toronto City,East York,York)	129	78	53	33	58	351
Toronto West (Etobicoke)	0	7	9	8	39	71
Toronto East (Scarborough)	0	13	11	38	69	131
Toronto North (North York)	21	15	31	28	69	174
Total Toronto	**166**	**113**	**104**	**99**	**235**	**917**
York Region	0	10	28	10	19	91
Peel Region	10	9	26	25	59	129
Durham Region	14	9	5	7	7	42
Halton Region	20	33	17	9	6	97
Total GTA	**230**	**182**	**180**	**158**	**326**	**1076**
Toronto CMA	**196**	**152**	**164**	**151**	**323**	**987**

CONDOMINIUM APARTMENT DISTRIBUTION BY AGE OF STRUCTURE, JUNE 2002

	UNIVERSE			
REGION	<1976	76-85	86-95	96+
Toronto Central (Old Toronto City,East York,York)	13.8%	22.7%	34.1%	29.5%
Toronto West (Etobicoke)	41.9%	18.1%	32.0%	8.1%
Toronto East (Scarborough)	13.8%	32.5%	35.9%	17.9%
Toronto North (North York)	29.3%	28.4%	19.1%	23.3%
Total Toronto	**22.1%**	**25.8%**	**29.9%**	**22.2%**
York Region	5.6%	10.4%	64.8%	19.2%
Peel Region	17.5%	22.5%	52.1%	7.9%
Durham Region	15.2%	20.8%	54.1%	7.4%
Halton Region	5.8%	23.7%	44.3%	26.2%
Total GTA	**19.8%**	**23.9%**	**37.5%**	**18.6%**
Toronto CMA	**19.4%**	**24.2%**	**37.1%**	**19.3%**

Footnote: The results of our survey are statistically significant at the 90% confidence level. In other words, the sample results represent Population characteristics 9 times out of 10 ones

RENTAL CONDO APARTMENT VACANCY RATE, JUNE 2001-2002

REGION	2001		2002	
	Vacant Units	Vacancy Rate	Vacant Units	Vacancy Rate
Toronto Central (Old Toronto City,East Yo	7	0.1%	32	0.3%
Toronto West (Etobicoke)	0	0.0%	4	0.1%
Toronto East (Scarborough)	9	0.2%	7	0.1%
Toronto North (North York)	3	0.1%	15	0.2%
Total Toronto	**19**	**0.1%**	**77**	**0.3%**
York Region	4	0.2%	9	0.4%
Peel Region	3	0.1%	41	0.7%
Durham Region	0	0.0%	0	0.0%
Halton Region	14	1.9%	0	0.0%
Total GTA	**40**	**0.1%**	**127**	**0.4%**
Toronto CMA	**33**	**0.1%**	**120**	**0.4%**

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ACTIVE APARTMENT CONDOMINIUMS, JUNE 2002

MUNICIPALITY	UNDER CONSTRUCTION	SELLING (NOT STARTED)	COMPLETED BUT NOT REGISTERED	TOTAL NOT REGISTERED
Toronto Central (Old Toronto City,East York,York	8043	4090	1895	14028
Toronto West (Etobicoke)	1202	1716	119	3037
Toronto East (Scarborough)	671	1077	0	1748
Toronto North (North York)	7336	1532	52	8920
Total Toronto	**17252**	**8415**	**2066**	**27733**
York Region	730	897	120	1747
Peel Region	361	1595	279	2235
Durham Region	90	0	0	90
Halton Region	434	95	0	529
Total GTA	**18867**	**11082**	**2465**	**32320**

DEVELOPER OWNED CONDOMINIUM APARTMENT UNITS, JUNE 2001-2002

REGION	2001		2002	
	Developer Owner Units	% of Total Universe	Developer Owner Units	% of Total Universe
Toronto Central (Old Toronto City,East York,York)	85	0.2%	129	0.3%
Toronto West (Etobicoke)	11	0.1%	34	0.2%
Toronto East (Scarborough)	0	0.0%	0	0.0%
Toronto North (North York)	146	0.5%	207	0.6%
Total Toronto	**242**	**0.2%**	**370**	**0.3%**
York Region	33	0.3%	30	0.2%
Peel Region	1	0.0%	100	0.4%
Durham Region	0	0.0%	0	0.0%
Halton Region	45	0.6%	104	1.3%
Total GTA	**321**	**0.2%**	**604**	**0.4%**
Toronto CMA	**250**	**0.2%**	**499**	**0.3%**

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Toronto Economic Outlook

Canada's economy and job market have been firing on all cylinders following the events of 9-11. A smaller exposure to high tech industries, coupled with larger pent-up demand in housing, has helped Canada's job market outpace US job prospects year to date. This has and should continue translating into a divergent path on interest rate policy between both countries with the Bank of Canada tightening through to the end of this year while the Fed maintains a more neutral policy. With Canada's GDP running at four times that in the US in the second quarter, business confidence in Canada should remain healthy to the end of this year and into 2003.

Meanwhile Toronto's labour market was running at a 3-4% annualized rate of job growth in the first quarter. Since then the pace has slowed. However, full time employment levels for the prime home buying group aged 25-44 remain strong. Job growth in manufacturing, education and health care sectors has led the way. This continues to be a good news story as an increase in high paying jobs usually translates to an increase in demand for big ticket items like housing. After over 12 months of declines in Toronto help wanted ads, the trend has now flattened and may be pointing up. Strong Q2 business investment in machinery and equipment coupled with more inventory investment suggests the business community anticipates a rebound in consumption demand and profitability. While job growth in the construction and finance/ investment/real estate sectors will remain soft over the next year, look for manufacturing, education and health care sectors to continue to post strong gains. Toronto job growth should drop to 1.7% this year with a slightly higher rate of 3.2% anticipated for 2003. Economic conditions should translate to a slower but still decent pace of sales and price activity for the remaining part of this year and into 2003. As borrowing costs edge up and more homes are listed for sale, tight market conditions should begin to ease allowing for more product choice for buyers and slower price growth for selected housing like condominiums.

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